

SUPERVISORY COMMITTEE REPORT
74TH ANNUAL GENERAL MEETING
May 30th, 2025

A pleasant Good Evening: Directors, Officers, Management and Staff, Member-Owners of St Martin's Credit Union, invited guests. The Supervisory Committee is pleased to present its report for the 74th Annual General Meeting of St. Martin's Credit Union for the financial year 2024-2025.

As we were approaching the end of our 3-year term, we regrettably had the departure of Mrs. Karen Perez from the Committee. She submitted her resignation since she was unable to continue her duties due to personal reasons. We would like to express our gratitude to Mrs. Perez on behalf of the SMCU Board, Management and Staff, for her steadfast dedication to the organization's growth during her tenure. In accordance with the Credit Union Act section 28(2) and the Central Bank's approval, Mr. Andy Bahadur was appointed to fill the vacancy during the second quarter and served out the remainder of the term.

During the past year, we participated in SMCU activities such as the Budget Exercise 2025-2026 and the revision of the Credit Policy. As we expressed in previous years, the Internal Audit Department needed an assistant to provide a wider audit scope. The committee worked diligently with the Human Resources Officer to hire an assistant internal auditor. We can announce that the vacancy has been filled this month.

The Committee met regularly with the Internal Auditor to ensure that the audits were completed in accordance with the yearly plan. However, in the absence of the assistant internal auditor, the department faced challenges in completing all planned audits and had to prioritize based on urgency and regulatory requirement. When necessary, the Committee continued to advise the Board and Management on how to strengthen the Credit Union's internal controls and processes to protect its members' assets. Audits conducted through the year were:

- Annual cash count of ATM, vault petty cash and tellers for Benque branch and San Ignacio
- Site visit and inspection of Benque Branch lock combination and surveillance camera
- Review of the financial reports on a quarterly basis
- Review of the monthly budget expenses
- Review of new accounts
- Review of payroll
- Special audits
- Review and perusal of Board Minutes to ensure clear directive and guidance is provided to management
- ATM cards procedure
- Other audits as per the annual plan

SMCU is not an exception to the Regulator's ongoing demands for compliance. SMCU is still being closely monitored this year to ensure the Central Bank's outstanding corrective actions are completed. Although we have made great progress towards updating the policies and procedural manuals, there are still some tasks that need to be completed. We recently had a meeting with the Central Bank's examination team

and SMCU's management expressed commitment to completing the outstanding corrective measures within a 3-month period. Our term has now come to an end and in order to maintain continuity, we will make sure that we are available for the next three months to facilitate the transition to the new officers. Members are reminded to keep a close eye on their accounts and to always bring up any issues they may have to the Supervisory Committee, or the Credit Union's management.

Thank you once more for entrusting us with the protection and safety of your assets. We have dedicated our time and labored diligently. We encourage those who are willing to donate their time to the growth and stability of SMCU, to seek election and be prepared to serve in a positive and committed manner.

I would like to express my gratitude to Mr. Wilson Vargas, Mr. Andy Bahadur, and Mrs. Irma Sanchez for their commitment to SMCU and for holding late-night meetings to work around our busy schedules. To the SMCU Board, Management, and Staff for giving the time to discuss issues as needed and for providing the information that was requested.

Thank you.

Supervisory Committee:

Ms. Laura Sierra - *Chairperson*

Mrs. Irma Sanchez - *Secretary*

Mr. Andy Bahadur - *Member*